

The Honorable TIMOTHY W. DORE
Chapter 7

Hearing Date: May 13, 2011
Hearing Time: 9:30 a.m.
Response Date: May 9, 2011

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re

ITI INTERNET SERVICES INC.,

Debtor.

Case No. 11-12266-TWD

Statement and Trust Fund Claim of
Manhattan Mini Storage, LLC and Edison
Properties, LLC regarding Trust Funds Held
by Debtor

Manhattan Mini Storage, LLC and Edison Properties, LLC (collectively, the
"Respondents") submit this statement and trust fund claim with respect to the ongoing
dispute regarding trust funds held by the Debtor and/or its financial institutions.

Preliminary Statement

1. The Respondents, like many others similarly situated, have funds belonging
to them that are currently held in trust by the Debtor and/or its financial institutions.

2. Currently pending before the Court is a motion filed by the Electrical
Workers Insurance Fund, Docket No. 34 seeking various avenues of relief including
(i) compelling the Trustee to provide an accounting of trust funds; (ii) authorizing the
Trustee to temporarily operate Debtor's business; (iii) removal of the Trustee, if warranted;
and (iv) release of the movant's trust funds. The Respondents anticipate a significant
number of similar motions will be filed in the near future.

Statement and Trust Fund Claim of Manhattan
Mini Storage, LLC and Edison Properties, LLC
regarding Trust Funds Held by Debtor

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1 3. The Respondents believe that it is in the best interests of all trust fund
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3 claimants that (i) an orderly process be employed to ensure that all trust fund claimants are
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5 treated fairly, including the implementation of a claim process; (ii) all parties have an
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7 opportunity to review the Trustee's accounting before any disbursement of trust funds is
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9 made; and (iii) the Trustee should only be replaced if a better alternative is available.

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11 4. The Respondents understand from speaking with the Trustee and the Debtor's
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13 financial institution that the total trust funds held may not be adequate to satisfy the total
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15 trust funds claims. It is not clear to the Respondents why a deficiency may exist, however,
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17 presumably the Trustee is reviewing this issue. If there is a deficiency, an orderly process is
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19 critical to ensure due process.

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21 **The Respondents' Trust Fund Claim**

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23 5. The Debtor and Respondents are a party to a payment processing contract
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25 which requires that funds collected by the Debtor be held in trust for the benefit of the
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27 Respondents. The Respondents have engaged in an active dialog with the Trustee regarding
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29 their trust fund claim. The Respondents have confirmed with the Debtor's financial
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31 institution that they are listed on the trust fund schedule.

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33 6. The Respondents have transmitted to the Trustee the underlying contract¹ as
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35 well as the current amount due to the Respondents, \$27,991.13 (the "Respondents' Claim").
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37 A statement of account reflecting the current amount outstanding is annexed hereto as
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39 **Exhibit B**. The Trustee and the Debtor's financial institution have not raised any objection
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41 to the Respondents' Claim during their discussions.

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46 ¹ The Respondents' contract with the Debtor contains confidential information. The Respondents are willing to
47 provide the contract upon request to a party-in-interest with an appropriate confidentiality stipulation.
Annexed hereto as **Exhibit A** is the first page of the contract (redacted).

1 7. In the event procedures are not put in place to address the trust fund issue and
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3 the Respondents' Claim, the Respondents respectfully request that the Respondents' Claim
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5 be paid immediately.
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7 WHEREFORE, the Respondents respectfully request that the Court enter an Order
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9 (i) permitting the Trustee to complete her accounting; (ii) restrict the disbursement of any
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11 trust funds until such accounting is complete and adequate notice is provided to all parties;
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13 or in the alternative (iii) order the Trustee to immediately pay the Respondents' Claim.
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17 DATED: May 3, 2011
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PERKINS COIE LLP

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